

bound by the provisions of this Final Judgment;

WHEREAS, this Court is not making any finding of fact or conclusions of law regarding the allegations of the Complaint;

AND WHEREAS, the State of Utah believes that entry of this Final Judgment is in the public interest;

NOW, THEREFORE, this Court approves the entry of this Final Judgment. Accordingly, before the taking of any testimony, and without trial or adjudication of any issue of fact or law herein, and upon consent of the parties hereto, it is hereby ORDERED, ADJUDGED, AND DECREED as follows:

I. JURISDICTION

This Court has jurisdiction over each of the parties hereto and over the subject matter of this action. The Complaint states a claim upon which relief may be granted against Defendant under the Utah Antitrust Act, §76-10-918, Utah Code Ann.

II. APPLICABILITY

The provisions of this Final Judgment apply to Defendant Cascade Yarns, Inc., its successors and assigns, subsidiaries, directors, officers, managers, agents, and employees, and all other persons in active concert or participation with any of them who shall have received actual notice of this Final Judgment by personal service or otherwise.

III. INJUNCTION

Defendant is permanently enjoined from any agreements, contracts, or conspiracies in

restraint of trade or commerce. In particular Defendant is permanently enjoined from, in any manner, directly or indirectly, continuing, maintaining, or renewing the agreements described in the Complaint, or from engaging in any other combination, conspiracy, agreement, understanding, plan, program, or arrangement having the same effect as the alleged violations, including:

- A. Any agreements or understandings with retail dealers of Cascade yarn regarding termination of any other retail dealers in Utah;
- B. Terminating any retail dealer in Utah motivated by complaints from other retail dealers regarding the location of the terminated dealer, prices charged by the terminated dealer, or advertising or display practices of the terminated dealer.
- C. For a period of three years from the date of this Order, imposing on any existing retail dealer in Utah any restraints on that dealer's location (apart from requiring dealers to maintain a retail presence and not operate out of a residential or similar location), method of displaying yarn, advertising practices, volume purchase or annual sales requirements (other than those imposed and applied consistently on all dealers nationally), or retail price to be charged (except to the extent that the price restraints are pursuant to national resale price policies adopted by the company that are not inconsistent with the law);
- D. If restrictions related to territory, display, price, advertising, or minimum volume purchase requirements are imposed on new retail dealers in Utah or on any

existing Utah retail dealer after three years from the date of this Order, those restrictions will be required to be consistent with the objectives of state and federal antitrust laws and will be imposed only pursuant to policies adopted for the entire company, not just restrictions imposed on retail dealers in Utah;

- E. For a period of three years from the date of this Order, terminating any retail dealer in Utah, for any reason, without giving the Utah Attorney General written notice at least thirty days before the termination will be effective, which notice shall describe the justifications for the termination;
- F. Nothing in this Order shall prohibit Defendant from suspending shipments to a retail dealer that i) is delinquent in payment on its account, ii) has changed ownership in the account where the new owner has not re-established credit with Defendant, iii) has closed a retail operation and is attempting to operate in a non-retail setting, iv) has given Defendant reasonable grounds to be insecure in the retail dealer's ability to pay for merchandise, or v) is an unusually difficult dealer in terms of making demands on, or complaints to, Defendant. Further, nothing in this Order shall prohibit Defendant from packaging merchandise in commercially reasonable quantities or requiring that order sizes by dealers be of a commercially reasonable quantity. Provided, however, that any suspended shipments, package quantities, or order size requirements cannot be applied to any retail dealer in Utah in a manner materially different than applied to retail dealers in other states;

- G. For a period of three years from the date of this Order, terminating any retail dealer in Utah when the termination does not meet all of the following conditions:
- (1) The termination decision is made unilaterally by Cascade based on justifications as to the best interests of Cascade;
 - (2) The termination decision is not motivated by any discussion or agreement with other retail dealers in Utah;
 - (3) The termination is being applied in a consistent manner, meaning all other retail dealers similarly situated, including those outside of Utah, are being treated in the same manner or is otherwise justified by commercially reasonable practices which are applied consistently to retail dealers in other states;
 - (4) The retailer was given advance notice of conditions that might be used as grounds for the termination and given reasonable opportunity to meet the conditions leading to the proposed termination; and
 - (5) Cascade has maintained records fully documenting the termination including the reasons for the termination, evidence of the dealer's advance knowledge of conditions forming the basis for the termination, and evidence of all communications related to the termination (including any communications with other retail dealers in the same area as the terminated dealer).

- H. Soliciting, encouraging, or acknowledging receipt of complaints from any retail dealers in Utah regarding the location, display practices, prices, or advertising practices of any other retail dealers in Utah;
- I. For a period of three years, notifying any retail dealers in Utah of any actions taken by Cascade to terminate, suspend, or otherwise restrict the sale of Cascade yarn to any other retail dealers in Utah;

IV. RESTORING COMPETITION

Cascade will offer to reinstate Sherri's Lace Place as a retail dealer in Utah. This offer will be made in writing to Sherri's within fifteen days of the date of this Order, with a copy of the reinstatement offer also being provided to the Attorney General. The reinstatement will be on terms at least as favorable as existed before the termination. Cascade will not engage in any unfavorable discrimination against Sherri's for the wholesale price of yarn or for any other aspect of its business as compared to other retail dealers in Utah.

V. NEITHER ADMIT NOR DENY

Defendant neither admits nor denies any specific allegations of the Complaint in this matter. Defendant acknowledges that Plaintiff's Complaint states sufficient allegations to plead a cause of action.

VI. FINE

Defendants shall pay a fine to the Utah Attorney General in the amount of twenty-five thousand dollars (\$25,000). In light of assistance provided by Cascade in the conduct of this

investigation and its willingness to reverse the effects of its actions, payment of the fine is waived. However, in the event the Attorney General proves to a court of competent jurisdiction, by a preponderance of evidence, that this Order has been violated or that the information provided as part of the investigation was not accurate or complete, payment of this \$25,000 fine amount will be required in addition to any sanction imposed by the court for violation of the Order.

VII. COMPLIANCE INSPECTIONS

For the purposes of determining or securing compliance with the Final Judgment and subject to any legally recognized privilege, from time to time:

A. Duly authorized representatives of the Utah Attorney General's office, upon written request, and on reasonable notice to Defendant, made to its principal offices, shall be permitted:

- (1) Access during office hours to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of Cascade Yarns, Inc., who may have counsel present, relating to the matters contained in this Final Judgment; and
- (2) Subject to the reasonable convenience of Cascade Yarns, Inc. and without restraint or interference from it, to interview, either informally or on the record, its officers, employees, and agents, who may have counsel present, regarding any such matters.

B. Upon the written request of the Utah Attorney General's office, Cascade Yarns, Inc. shall submit such written reports, under oath if requested, with respect to any matter contained in the Final Judgment.

VIII. NOTICE TO EMPLOYEES

For a period of three years from the date of this Order, Cascade Yarns shall cause that a copy of this Final Judgment be delivered to each of its executive officers and all of its sales staff dealing with retail dealers in Utah and will require written acknowledgment that each person has received and read the Final Judgment.

IX. EFFECT ON OTHER ACTIONS

For any person or entity not a party to this Order, this Order does not create or limit any private rights or remedies against Defendant and does not create or limit any liability of Defendant to any other person or entity involving the subject matter of this action or any other action.

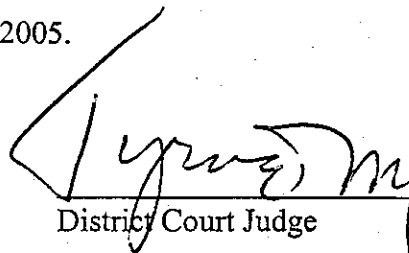
X. RETENTION OF JURISDICTION

Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Final Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the construction or carrying out of this Final Judgment, for the modification of any of the provisions hereof, for the enforcement of compliance herewith, and for the punishment of any violations hereof.

XI. PUBLIC INTEREST

Entry of this Final Judgment is in the public interest.

DATED This 4 day of April, 2005.



District Court Judge

