

**SETTLEMENT AGREEMENT**

BETWEEN: **DOW AGROSCIENCES LLC**, a limited liability company organized under the laws of the State of Delaware, having its principal place of business at Indianapolis, Indiana;

Claimant

AND: **HER MAJESTY THE QUEEN IN RIGHT OF CANADA**

Respondent

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**IN THE MATTER OF AN ARBITRATION UNDER CHAPTER II OF THE NORTH AMERICAN FREE TRADE AGREEMENT AND THE UNCITRAL ARBITRATION RULES**

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WHEREAS the Claimant served a Notice of Arbitration to the Respondent on March 31, 2009 (the "Notice of Arbitration") pursuant to Article 3 of the Arbitration Rules of the United Nations Commission on International Trade Law and Articles 1116, 1117 and 1120 of the North American Free Trade Agreement ("NAFTA") on its own behalf and on behalf of its subsidiary, Dow AgroSciences Canada Inc. ("DASCI"), a company incorporated under the laws of Canada.

WHEREAS Article 1118 of the NAFTA provides that the disputing parties should first attempt to settle a claim through consultation or negotiation.

WHEREAS the parties to this agreement wish to finally and irrevocably settle the dispute between them.

WHEREAS the Government of Québec has assented to the signature of this agreement by the parties, as appears from Order in Council bearing number 409-2011 and dated April 13, 2011 approving an agreement in the form of an exchange of letters between the Government of Quebec and the Government of Canada relating to a settlement agreement between Dow AgroSciences LLC and the Government of Canada.

THE PARTIES AGREE AS FOLLOWS:

**1- UPHOLDING OF THE DISPUTED MEASURES**

The measures adopted by the Government of Quebec relating to certain uses of herbicides containing the active ingredient 2,4-D that have been challenged by the Claimant in its Notice of Arbitration ("the Measures") are maintained and are not modified by the terms of this settlement agreement.

**2- WITHDRAWAL OF THE NOTICE OF ARBITRATION**

The Claimant, for itself and for its subsidiaries, affiliates, parents, predecessors, successors, and assigns, including DASCI, hereby irrevocably and permanently withdraws its Notice of Arbitration. The Claimant and the Respondent (the "Disputing Parties") waive any and all claims for costs, including attorney's fees, arising out of or related in any way to the Notice of Arbitration.

### 3- AGREED PRINCIPLES

In consideration of this full and final settlement of all disputes and claims directly or indirectly made by the Claimant or capable of arising out of the Measures, the Claimant and DASCI, for themselves and for their subsidiaries, affiliates, parents, predecessors, successors, and assigns, and the Government of Quebec acknowledge that:

- a) Whereas the *Pest Control Products Act* (S.C., 2002, c. 28) ("PCPA") defines acceptable risk as risk for which there is reasonable certainty that no harm to human health, future generations or the environment will result from exposure to or use of the product, taking into account its conditions or proposed conditions of registration, the Government of Quebec agrees that products containing 2,4-D do not pose an unacceptable risk to human health or the environment, provided that the instructions on their label are followed, as concluded by Health Canada's Pest Management Regulatory Agency ("PMRA") in its May 16, 2008, decision on the re-evaluation of 2,4-D;
- b) Whereas Canada's provinces and territories may regulate in their jurisdictions the sale, use, storage, transportation and disposal of pesticides registered under the PCPA in a way that can aver to be more restrictive compared to the conditions established under the PCPA, the Claimant and DASCI, for themselves and for their subsidiaries, affiliates, parents, predecessors, successors, and assigns, acknowledge that the Government of Quebec may impose such conditions as those in the *Pesticides Management Code*, to prohibit the sale and use of pesticides, even those lawfully registered by PMRA.
- c) The Claimant and DASCI, for themselves and for their subsidiaries, affiliates, parents, predecessors, successors, and assigns, also acknowledge that, subject to applicable law, municipalities in Quebec may adopt or maintain regulations or other standards-related measures that govern the use of pesticides, notably by adding more restrictive conditions to their use than those set by PMRA or by the Government of Quebec.

### 4- NO COMPENSATION

No consideration, monetary or otherwise, is provided to the Claimant or to DASCI, for themselves, for their subsidiaries, affiliates, parents, predecessors, successors, and assigns.

### 5- DISCHARGE

Pursuant to this settlement agreement, the Claimant and DASCI, for themselves and for their subsidiaries, affiliates, parents, predecessors, successors, and assigns, hereby release and forever discharge the Respondent and the Government of Quebec from any and all claims, demands, losses, damages, suits, and causes of action of any nature relating to the Measures.

### 6- WAIVER

In consideration of paragraph 3 (a), the Claimant and DASCI, for themselves and for their subsidiaries, affiliates, parents, predecessors, successors, and assigns, shall not, directly, or indirectly, individually, or in conjunction with others at any time, pursue any legal action or arbitral or court proceedings or otherwise make any claim whatsoever against the Respondent or the Government of Quebec in connection with the Measures.

### 7- RESPONSIBILITY

In consideration of paragraph 3 (a), the Claimant, for itself and for its subsidiaries, affiliates, parents, predecessors, successors, and assigns, including DASCI, shall indemnify and hold harmless the Respondent and the Government of Quebec against any claim, action or proceeding described in paragraphs 5 and 6 that the Claimant, its subsidiaries, affiliates, parents, predecessors, successors, and assigns, including DASCI, may initiate against the Respondent or the Government of Quebec arising out of the Measures.

8- **PURPOSE**

This settlement agreement is entered into for the sole purpose of settling the dispute at issue in the Notice of Arbitration. This settlement agreement shall not be used except for the sole purpose of giving effect to its terms, and does not prejudice or affect other rights of the Disputing Parties, the Government of Quebec, or the rights of any other person or entity in other cases.

9- **PUBLICATION**

This settlement agreement will be made public.

10- **ENTRY INTO FORCE**

This settlement agreement enters into force by the date of its signature by both Disputing Parties.

11- **APPLICABLE LAW**

This settlement agreement is governed exclusively by the applicable law in Quebec. Should a dispute arise, the tribunals of Quebec will have sole jurisdiction to hear any claim referring to it, to the exclusion of any arbitral tribunal.

12- **LANGUAGE**

The Disputing Parties acknowledge and agree that this settlement agreement has been made and executed in English and French and that both versions are equally authoritative.

13- **DEFINITION**

The term "affiliate" means entities that are owned and controlled by the Claimant or DASCI.

**IN WITNESS HEREOF, THE PARTIES HAVE SIGNED THIS SETTLEMENT AGREEMENT IN FOUR IDENTICAL COPIES, TWO IN FRENCH, TWO IN ENGLISH**

DOW AGROSCIENCES LLC duly represented by its authorized signing officer, Mr. William W. Wales, Vice-President, Secretary and General Counsel acting in pursuance of his appointment of authorized signing officer under the company's authorization policy:

*W.W. Wales*  
Per: \_\_\_\_\_ Date 25 May 2011

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, duly represented by the Deputy Minister of International Trade, Mr. Louis Lévesque:

*Louis Lévesque*  
Per: \_\_\_\_\_ Date 2011/05/25