

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Anthony Held, Ph.D., P.E. and Samsung C&T America, Inc.

This Settlement Agreement is entered into by and between Anthony Held, Ph.D., P.E. (hereinafter “Dr. Held”) and Samsung C&T America, Inc. (hereinafter “Samsung”), with Dr. Held and Samsung collectively referred to as the “Parties.” Dr. Held is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products. Samsung employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code sections 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

Dr. Held alleges that Samsung has manufactured, distributed, and/or sold in the State of California belts containing di(2-ethylhexyl)phthalate (“DEHP”) without the requisite Proposition 65 warning. DEHP is listed pursuant to Proposition 65, as a chemical known to the State of California to cause birth defects and other reproductive harm. DEHP is referred to herein as the “Listed Chemical.”

1.3 Product Description

The products that are covered by this Settlement Agreement are defined as follows: belts containing DEHP that are manufactured, imported, distributed, and/or sold in California by Samsung, including, but not limited to, *En Focus Studio Dress with Belt, Style #5289-K2785*. All such items are referred to herein as “Products.”

1.4 Notices of Violation

On or about May 4, 2011, Dr. Held served Samsung and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (“Notice”) that provided Samsung and such public enforcers with notice that Samsung was alleged to be in violation of Proposition 65 for failing to warn consumers that the Products exposed users in California to the Listed Chemical. To the best of the Parties’ knowledge, no public enforcer has diligently prosecuted the allegations set forth in the Notice.

1.5 No Admission

Samsung denies the material factual and legal allegations contained in Dr. Held’s Notice and maintains that all of the products it has manufactured, imported, distributed, and/or sold in California, including the Products, have been and are in compliance with all laws, including Proposition 65. Nothing in this Settlement Agreement shall be construed as an admission by Samsung of any fact, finding, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Samsung of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Samsung. However, this section shall not diminish or otherwise affect the obligations, responsibilities, and duties of Samsung under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean September 30, 2011.

2. INJUNCTIVE RELIEF

2.1 Reformulation Commitment

Commencing on the Effective Date, Samsung shall do one of the following: (a) cease all sales, shipping, or distribution of the Products to entities in California or to entities which may

offer the Products for sale in California; or (b) refrain from manufacturing, distributing, shipping, selling or offering to be shipped for sale in California any Products unless the products contain less than or equal to 1,000 parts per million of DEHP when analyzed pursuant to EPA testing methodologies 3580A and 8270C, or any method allowed by any state or federal agency to assess the DEHP content by weight of a solid substance.

3. MONETARY PAYMENTS

3.1 Payments Pursuant to Health & Safety Code §25249.7(b)

Pursuant to Health & Safety Code § 25249.7(b) the total civil penalty assessed shall be \$8,000. Civil penalties are to be apportioned in accordance with California Health & Safety Code §25249.12(c) & (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment and the remaining 25% to Dr. Held.

Samsung shall issue two separate checks for the penalty payment: (a) one check made payable to "The Chanler Group in Trust for the Office of Environmental Health Hazard Assessment" in the amount of \$6,000, representing 75% of the total penalty; and (b) one check to "The Chanler Group in Trust for Anthony Held" in the amount of \$2,000, representing 25% of the total penalty.

Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to Office of Environmental Health Hazard Assessment, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486) in the amount of \$6,000. The second 1099 shall be issued to Dr. Held in the amount of \$2,000, whose address and tax identification number shall be furnished, upon request, three calendar days before payment is due. Payment shall be delivered by the Effective Date, at the following address:

The Chanler Group
Attn: Proposition 65 Controller
2560 Ninth Street, Suite 214
Berkeley, CA 94710

4. REIMBURSEMENT OF FEES AND COSTS

4.1 Attorney Fees and Costs

The Parties reached an accord on the compensation due to Dr. Held and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure § 1021.5, for all work performed in this matter. Under these legal principles, Samsung shall pay the total of \$28,000 for fees and costs incurred as a result of investigating, bringing this matter to the attention of Samsung, and negotiating a settlement in the public interest. Samsung shall make a separate check payable to “The Chanler Group,” issue a separate 1099 for fees and costs (EIN: 94-3171522), and deliver payment by the Effective Date, to the following address:

The Chanler Group
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

5. RELEASE OF ALL CLAIMS

5.1 Dr. Held’s Release of Samsung

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4 above, Dr. Held, on behalf of himself, his past and current agents, representatives, attorneys, including, without limitation, The Chanler Group, successors and/or assignees, and in the interest of the general public, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses (including, but not limited to, investigation fees, expert fees and attorneys’ fees) of any nature whatsoever (collectively “Claims”) that were brought or could have been brought against Samsung or its

subsidiaries or affiliates, and each of Samsung's downstream customers, distributors, wholesalers, retailers, licensors, licensees, or any other person in the course of doing business, and the successors and assigns of any of them, who may use, maintain, manufacture, distribute, advertise, market or sell Products, and the officers, directors, managers, employees, members, shareholders, agents, insurers and representatives of each of them (collectively "Releasees") that arise under Proposition 65, as such claims relate to Samsung's alleged failure to warn about exposures to DEHP contained in the Products. The Parties further understand and agree that this release shall not extend upstream to any third parties that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to Samsung

Compliance with the terms of this Settlement Agreement resolves any issue, now and in the future, concerning compliance by Samsung and Samsung's Releasees with the requirements of Proposition 65 with respect to alleged exposure to the Listed Chemical from the Products distributed or sold by Samsung

5.2 Samsung's Release of Dr. Held

Samsung waives any and all claims against Dr. Held, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Dr. Held and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter, and/or with respect to the Products.

6. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

7. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products and/or the Listed Chemical, then Samsung shall provide written notice to Dr. Held of any asserted change in the law, and shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Products are so affected.

8. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be sent by: (i) personal delivery; (ii) first-class, registered or certified mail, return receipt requested; or (iii) overnight courier on any party by the other party at the following addresses:

For Samsung:

K.I. Choo, President
Samsung C&T America, Inc.
85 Challenger Road, Floor 6
Ridgefield Park, NJ 07660

K.I. Choo, President
Samsung C&T America, Inc.
105 Challenger Road, Floor 6
Ridgefield Park, NJ 07660

For Dr. Held:

Proposition 65 Coordinator
The Chanler Group
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710-2565

Any party, from time to time, may specify in writing to the other party a change of address to which all notices and other communications shall be sent.

9. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

10. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Dr. Held agrees to comply with the reporting form requirements referenced in Health & Safety Code §25249.7(f).

11. MODIFICATION

This Settlement Agreement may be modified only by a written agreement of the Parties.

12. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

AGREED TO:

APPROVED

By Tony Held at 12:29 pm, Oct 04, 2011

Date: _____

Date: _____

By: _____

Anthony Held, Ph.D., P.E.

By: _____

~~K.I. Choo, President~~
Samsung C&T America, Inc.

Kim. Park, Vice President.