

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Anthony E. Held, Ph.D., P.E., Brown Shoe Company, Inc.

This Settlement Agreement is entered into by and between Anthony E. Held, Ph.D., P.E., (hereinafter "Held"), Brown Shoe Company, Inc. and its parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities (hereinafter collectively, "Brown Shoe"), with Held and Brown Shoe collectively referred to as the "Parties." 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. Brown Shoe employs ten or more persons and is a person in the course of doing business for purposes of Proposition 65.

1.2 General Allegations

Held alleges that Brown Shoe has manufactured, distributed and/or sold in the State of California pre-walk shoes containing Di(2-ethylhexyl)phthalate. Di(2-ethylhexyl)phthalate is listed pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§25249.5 *et seq.* ("Proposition 65"), as a chemical known to the State of California to cause birth defects and other reproductive harm. Di(2-ethylhexyl)phthalate is referred to herein as "DEHP" or as the "Listed Chemical."

1.3 Product Description

The products that are covered by this Settlement Agreement are defined as follows: shoes containing the Listed Chemical, including but not limited to, *Faded Glory Prewalk Casual, Brown*, #2541479 (0 17123 95676 3); *Disney Tigger Clog*, #25002513 ORGSTP (0 17136 70543 3); *Faded Glory Infant Casual*, #2543803 (0 17116 78296 6); *Buster Brown Cyclone Shoes*, 313055 (4 31305 04007 9); *Buster Brown Preston Shoes*, # 727B51 (0 17122 64023 6); and *Buster Brown Alex Sneakers*, #627B52 (0 17122 64915 4). All such items shall be referred to herein as the “Products.”

1.4 Notice of Violation

On or about April 2, 2009, Held served Brown Shoe and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (the “Notice”) that provided Brown Shoe and such public enforcers with notice that alleged that Brown Shoe was in violation of California Health & Safety Code §25249.6 for failing to warn consumers and customers that the Products exposed users in California to the Listed Chemical. No public enforcer has diligently prosecuted the allegations set forth in the Notice.

1.5 No Admission

Brown Shoe denies the material factual and legal allegations contained in Held’s Notice. Nothing in this Settlement Agreement shall be construed as an admission by Brown Shoe 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 Brown Shoe of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Brown Shoe.

However, this section shall not diminish or otherwise affect the obligations, responsibilities and duties of Brown Shoe under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean September 15, 2009.

2. INJUNCTIVE RELIEF: REFORMULATION

As of December 31, 2009, Brown Shoe shall only distribute or cause to be distributed Products for sale in California that are Phthalate Free, as set forth below. For purposes of this Settlement Agreement, "Phthalate Free" shall mean products containing less than or equal to 1,000 ppm 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. Further, Brown Shoe agrees that, as of October 31, 2009, 80% of all Products it offers for sale in California will be Phthalate Free.

3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE §25249.7(b)

In settlement of all the claims referred to in this Settlement Agreement, Brown Shoe shall pay \$25,000 in civil penalties to be apportioned in accordance with California Health & Safety Code §25192, with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment and the remaining 25% of these penalty monies remitted to Held as provided by California Health & Safety Code §25249.12(d). Brown Shoe shall issue two separate checks for the penalty payment: (a) one check made payable to Hirst & Chanler LLP in Trust for the State of California's Office of Environmental Health Hazard

Assessment (“Hirst & Chanler LLP in Trust for OEHHA”) in the amount of \$18,750 representing 75% of the total penalty and (b) one check to “Hirst & Chanler LLP in Trust for R. Held” in the amount of \$6,250 representing 25% of the total penalty. Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486); the second 1099 shall be issued to Held, whose address and tax identification number shall be furnished, upon request, at least five calendar days before payment is due. The payments shall be delivered on or before ten days after the Effective Date, at the following address:

Hirst & Chanler LLP
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

4. REIMBURSEMENT OF FEES AND COSTS

The Parties reached an accord on the compensation due to Held and his counsel under the private attorney general doctrine and contract law. Under these legal principles, Brown Shoe shall reimburse Held’s counsel for fees and costs incurred as a result of investigating, bringing this matter to Brown Shoe’s attention, and negotiating a settlement in the public interest. Brown Shoe shall pay Held and his counsel \$48,000 for all attorneys’ fees, expert and investigation fees, and related costs. The payment shall be issued in a third separate check made payable to “Hirst & Chanler LLP” and shall be delivered on or before ten days after the Effective Date, at the following address:

Hirst & Chanler LLP
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

Brown Shoe shall issue a separate 1099 for the fees and cost paid to Hirst & Chanler LLP, 2560 Ninth Street, Parker Plaza, Suite 214, Berkeley, CA 94710 (EIN: 20-3929984).

5. RELEASE OF ALL CLAIMS

5.1 Release of Brown Shoe and Downstream Customers

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4 above, Held, on behalf of himself, his past and current agents, representatives, attorneys, including, without limitation, Hirst & Chanler, 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, whether known or unknown, fixed or contingent (collectively "Claims"), against Brown Shoe and each of its downstream distributors, wholesalers, licensors, licensees, auctioneers, retailers (including but not limited to Wal-Mart, Target, Sears, Famous Footwear, Amazon and their respective subsidiaries and affiliates), franchisees, dealers, customers, owners, purchasers, users, parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities (collectively

“Brown Shoe Releasees”). This release is limited to those claims that arise under Proposition 65, as such claims relate to Brown Shoe’s alleged failure to warn about exposures to or identification of DEHP contained in the Products.

In addition to the foregoing, Held, on behalf of himself, his past and current agents, representatives, attorneys, and successors and/or assignees, and *not* in his representative capacity hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all Claims against Brown Shoe and each of its Releasees. Held and his agents represent that they are not presently aware of any other alleged violations of Health & Safety Code §25249.6 *et seq.* This additional release, which Held is providing in his individual capacity, is limited to those Claims that arise with respect to Proposition 65, such as Claims that relate to Brown Shoe’s alleged failure to warn about exposures to or identification of any chemicals listed under Proposition 65 contained in any products sold by Brown Shoe.

The Parties intend and agree that this Settlement Agreement shall be given full effect for purposes of precluding claims regarding the Products against Brown Shoe or the Releasees under Proposition 65 as covered under this release. If requested in writing by Brown Shoe (within twelve months of the Effective Date), Held shall file a complaint and seek approval of this Settlement Agreement through a court approved consent judgment incorporating the terms of this Settlement Agreement pursuant to California Health and Safety Code Section 25249.7, or as may be otherwise allowed by law, and Held shall reasonably cooperate with Brown Shoe and use best efforts and that of his counsel to support the entry of a consent judgment incorporating the terms of this Settlement Agreement for approval by a superior court in California. Pursuant to CCP

Sections 1021 and 1021.5, Brown Shoe will reimburse Held and his counsel for their reasonable fees and costs incurred in filing the complaint and seeking judicial approval of this Settlement Agreement, in an amount not to exceed \$10,000. No fees under this paragraph will be due and owing to Held or his counsel unless a written request is made by Brown Shoe to have Held file a complaint and seek a consent judgment. Brown Shoe will remit payment to Hirst & Chanler LLP, at the address set forth in Section 8 below. Such additional fees shall be paid by Brown Shoe within ten days after its receipt of monthly invoices from Held for work performed under this paragraph.

5.2 Brown Shoe's Release of Held

Brown Shoe waives any and all claims against 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 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, then Brown Shoe shall provide written notice to 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. Nothing in this Settlement Agreement shall be interpreted to relieve Brown Shoe from any obligation to comply with any pertinent state or federal toxics control law.

8. NOTICES

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

For Brown Shoe:

Michael Oberlander, General Counsel
Brown Shoe Company, Inc.
8300 Maryland Avenue
Saint Louis, MO 63105

and

Michael J. Hassen
Jeffer, Mangels, Butler & Marmaro LLP
2 Embarcadero Center, 5th Floor
San Francisco, CA 94111

For Held:

Proposition 65 Coordinator
Hirst & Chanler, LLP
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)

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**

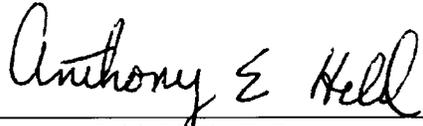
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

AGREED TO:

Date: September 16, 2009

Date: _____

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

By: _____
Michael Oberlander, General Counsel
Brown Shoe Company, Inc.

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.

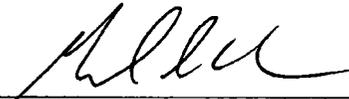
AGREED TO:

AGREED TO:

Date: _____

Date: 9/15/09

By: _____
Anthony E. Held, Ph.D., P.E.

By: 
Michael Oberlander, General Counsel
Brown Shoe Company, Inc.