

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Anthony Held (“Held”) and Rite Aid Corporation (“Rite Aid”), with Held and Rite Aid 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. Rite Aid 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 § 25249.6 et seq. (“Proposition 65”).

1.2 General Allegations

Held alleges that Rite Aid manufactures, distributes, and/or sells in the state of California battery powered light strands with wires containing lead without the first providing the clear and reasonable warning required by Proposition 65 warning. Lead is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects and other reproductive harm.

1.3 Product Description

The products that are covered by this Settlement Agreement are battery powered electric light strands with wires that contain lead manufactured or imported by ProductWorks, LLC (“ProductWorks”), or other companies or manufacturers acting under the control or on behalf of ProductWorks and that were sold or distributed for sale in California by Rite Aid, including, but not limited to, ProductWorks’ *Brilliant Tiny Lites* (#8 55625 30052 9) (collectively “Products”).

1.4 Notice of Violation

On or about January 31, 2012, Held served Rite Aid and various public enforcement agencies with a “60-Day Notice of Violation” (“Notice”), a document that informed the recipients of Held’s allegation that Rite Aid was in violation of Proposition 65 for failing to warn its customers and consumers in California that the Products expose users to lead. To the best of

the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission

Rite Aid denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products it has sold or distributed for sale in California, including the Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Rite Aid of any fact, finding, conclusion of law, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Rite Aid of any fact, finding, conclusion of law, issue of law, or violation of law, the same being specifically denied by Rite Aid.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean August 10, 2012.

2. INJUNCTIVE RELIEF: REFORMULATION & WARNINGS

2.1 Reformulated Products

Commencing on November 1, 2012 and continuing thereafter, Rite Aid shall not ship, sell, or offer to ship for sale in California, Products that contain more than 100 parts per million lead content when analyzed pursuant to Environmental Protection Agency testing methodologies 3050B and 6010B, or equivalent methodologies authorized under Proposition 65. For purposes of this Settlement Agreement, as it pertains to the lead content limits, "Reformulated Products" shall mean Products containing a maximum of 100 ppm lead content in the Products' wires.

3. MONETARY PAYMENTS

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

Pursuant to Health & Safety Code § 25249.7(b), Rite Aid shall pay \$5,000 in civil penalties. This amount reflects a penalty credit of \$9,000 agreed to by Held in response to Rite Aid's commitment to Proposition 65 compliance, including only offering Products that comply with the content limits for lead established by section 2. The civil penalty payment shall be

allocated according to California Health & Safety Code § 25249.12(c)(1) and (d), with seventy-five percent (75%) of the penalty amount earmarked for the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining twenty-five percent (25%) of the penalty amount earmarked for Held.

Rite Aid shall issue two checks for the following amounts made payable to: (a) “The Chanler Group in Trust for OEHHA” in the amount of \$3,750; and (b) “The Chanler Group in Trust for Anthony Held” in the amount of \$1,250. Rite Aid shall also provide two 1099 forms for the payments to: (a) “Office of Environmental Health Hazard Assessment”, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486); and (b) “Anthony Held”, whose address and tax identification number shall be furnished upon request after this Settlement Agreement has been fully executed by the Parties. Payment shall be delivered on or before the Effective Date to the Payment Address provided in section 3.3.

3.2 Attorney Fees and Costs

The Parties reached an accord on the compensation due to Held and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure (“CCP”) § 1021.5 for all work performed in this matter. Under these legal principles, Rite Aid shall pay \$20,000 for all fees and costs incurred investigating, bringing this matter to the attention of Rite Aid, and negotiating a settlement in the public interest. Rite Aid shall provide its payment in the form of a check payable to “The Chanler Group,” issue a separate form 1099 for fees and costs (EIN: 94-3171522), and deliver payment on or before the Effective Date to the Payment Address provided in section 3.3.

3.3 Payment Address

All payments and tax documentation required by this section shall be delivered to Held’s counsel at the following address:

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

4. CLAIMS COVERED AND RELEASED

4.1 Held's Release of Rite Aid

This Settlement Agreement is a full, final, and binding resolution between Held and Rite Aid of any violation of Proposition 65 that was or could have been asserted by Held on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, against Rite Aid, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom Rite Aid directly or indirectly distributes or sells Products, including, but not limited, to ProductWorks, distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Releasees"), based on the alleged failure to warn about exposures to lead contained in Products imported, manufactured, sold or distributed for sale in California by Rite Aid before November 1, 2012.

In further consideration of the promises and agreements herein contained, Held on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all his rights to institute or participate in, directly or indirectly, any form of legal action, and releases all claims that he may have against Rite Aid and Releasees, including, without limitation, all actions, causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses, including, but not limited to, investigation fees, expert fees, and attorneys' fees (but exclusive of fees and costs on appeal, if any) arising under Proposition 65 for unwarned exposures to lead in the Products imported, manufactured, sold, or distributed for sale in California by Rite Aid before November 1, 2012.

4.2 Rite Aid's Release of Held

Rite Aid on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Held and 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, seeking to enforce Proposition 65 against it in this matter, or with respect to the Products.

5. POST-EXECUTION CONSENT JUDGMENT

Within twelve months of the execution of this Settlement Agreement Rite Aid may send Held a written request to draft and file a complaint, incorporate the terms of this Settlement Agreement into a proposed consent judgment, and seek court approval of the settlement pursuant to Health and Safety Code § 25249.7(f), or as may be otherwise allowed by law. If requested, Held agrees to reasonably cooperate with Rite Aid, and to use his best efforts and that of his counsel to obtain approval of the Parties' settlement by a superior court in California, and an entry of judgment in accordance with the terms set forth herein.

Pursuant to Code of Civil Procedure §§ 1021 and 1021.5, Rite Aid will reimburse Held and his counsel for the reasonable fees and costs incurred filing the complaint, converting the Settlement Agreement into a proposed consent judgment and seeking judicial approval of the consent judgment in an amount not to exceed \$15,000, exclusive of fees and cost that may be incurred on appeal. Within ten days after its receipt of a monthly invoice from Held's counsel for work performed under this section, Rite Aid will remit payment to The Chanler Group at the address set forth in section 3.3.

6. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any provision is held by a court to be unenforceable, the validity of the remaining provisions 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 lead,

then Rite Aid 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.

8. NOTICES

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

For Rite Aid:

Ron S. Chima, Senior Counsel
Thrifty Payless, Inc. d/b/a Rite Aid Corporation
30 Hunter Lane
Camp Hill, PA 17011

with a copy to:

James D. Brusslan, Esq.
Levenfeld Pearlstein, LLC
2 N. LaSalle St., Suite 1300
Chicago, IL 60602

For Held:

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

Any party may, from time to time, 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 or portable document format (PDF) signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

10. POST-EXECUTION ACTIVITIES

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:

Date: Anthony E Held

AGREED TO:

Date: 7/27/12

APPROVED

By By Anthony Held at 2:12 pm, Jul 31, 2012

Anthony Held

By: [Signature]

Ron S. China, Senior Counsel
Thrifty Payless, Inc. d/b/a Rite Aid
Corporation