

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between John Moore (“Moore”) and General Parts International, Inc. and its subsidiary CPI Global Sourcing, Inc. now known as CQ Sourcing, Inc., (collectively “General Parts”), with Moore and General Parts collectively referred to as the “Parties.” Moore 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. General Parts 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

Moore alleges that General Parts distributes, imports, sells, and/or offers for sale in the State of California stools with vinyl coverings on the seats containing di(2-ethylhexyl)phthalate (“DEHP”) without the requisite Proposition 65 health hazard warnings. DEHP 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 specifically covered by this Settlement Agreement are stools with vinyl coverings on the seats containing DEHP which were distributed, imported, sold and/or offered for sale by General Parts and identified as: CARQUEST steel frame creeper (item #CPE38905); CARQUEST deluxe air operated shop seat (item # CPE95006); padded mechanics

roller seat (item # CPE96001); steel frame padded creeper (item # CPE97005); adjustable head rest padded creeper (item # CPE99000); and deluxe pneumatic tractor seat (item CPE96030).

The products referenced in this Section 1.3 are hereinafter referred to collectively as the “Products.”

1.4 Notice of Violation

On or about April 25, 2012, Moore served General Parts, Inc., CPI Global Sourcing, Inc., and a licensor, CARQUEST Corporation, as well as various public enforcement agencies with a “60-Day Notice of Violation” (“Notice”), alleging that General Parts was in violation of Proposition 65 for failing to warn its customers and consumers in California that the Products exposed users to DEHP. 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

General Parts denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products it has distributed, imported and/or sold 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 General Parts 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 General Parts of any fact, finding, conclusion of law, issue of law, or violation of law, such being specifically denied by General Parts. This section shall not, however, diminish or otherwise affect General Parts’ obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean October 3, 2013.

2. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS

2.1 Reformulation Standards and Commitment

Commencing on the Effective Date and continuing thereafter, General Parts shall only distribute, ship, sell, or offer for sale in California, Products that are: (1) “Reformulated Products;” or (2) sold or shipped with warnings that comply with the clear and reasonable warnings requirements set forth in subsection 2.2. For purposes of this Settlement Agreement, “Reformulated Products” shall mean Products that contain no more than 1,000 parts per million (0.1%) of DEHP when analyzed pursuant to EPA testing methodologies 3580A and 8270C, or equivalent methodologies utilized by state or federal agencies for the purpose of determining DEHP content in a solid substance.

2.2 Product Warnings

After Moore filed the Complaint, General Parts began placing warnings on all Products offered for sale in California. The warnings included the following language:

WARNING: This product contains one or more chemicals known to the state of California to cause cancer and birth defects or other reproductive harm.

Therefore, the Parties agree that General Parts may continue to sell Products that are currently in General Parts’ inventory and that contain the above warning label. Commencing 90 days after the Effective Date, however, General Parts shall, in accordance with Proposition 65, for all Products sold in California other than Reformulated Products, provide clear and reasonable warnings as set forth in subsections 2.2(a) and (b). Each warning shall be

prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which *specific* Product the warning applies, so as to minimize the risk of consumer confusion.

(a) Retail Store Sales.

(i) Product Labeling. General Parts shall affix a warning to the packaging, labeling, or directly on each Product sold in retail outlets in California by General Parts or any person selling the Products, that states:

WARNING: This product contains chemicals, including DEHP, known to the State of California to cause birth defects and other reproductive harm.

(ii) Point-of-Sale Warnings. Alternatively, General Parts may provide warning signs in the form below to its customers in California with instructions to post the warnings in close proximity to the point of display of the Products. Such instruction sent to General Parts' customers shall be sent by certified mail, return receipt requested.

WARNING: This product contains chemicals, including DEHP, known to the State of California to cause birth defects and other reproductive harm.

Where more than one Product is sold in proximity to other like items or to those that do not require a warning (*e.g.*, Reformulated Products as defined in Section 2.1), the following statement shall be used:¹

WARNING: The following products contain chemicals, including DEHP, known to the State of

¹ For purposes of the Settlement Agreement, "sold in proximity" shall mean that the Product and another similar product are offered for sale close enough to each other that the consumer, under customary conditions of purchase, could not reasonably determine which of the two products is subject to the warning sign.

California to cause birth defects and other reproductive harm:
[list products for which warning is required]

(b) Mail Order Catalog and Internet Sales. In the event that General Parts sells Products via mail order catalog and/or the internet, to customers located in California, after the Effective Date that are not Reformulated Products, General Parts shall provide warnings for such Products sold via mail order catalog or the internet to California residents. Warnings given in the mail order catalog or on the internet shall identify the *specific* Product to which the warning applies as further specified in Sections 2.2(b)(i) and (ii).

(i) Mail Order Catalog Warning. Any warning provided in a mail order catalog shall be in the same type size or larger than the Product description text within the catalog. The following warning shall be provided on the same page and in the same location as the display and/or description of the Product:

WARNING: This product contains chemicals, including DEHP, known to the State of California to cause birth defects and other reproductive harm.

Where it is impracticable to provide the warning on the same page and in the same location as the display and/or description of the Product, General Parts may utilize a designated symbol to cross reference the applicable warning and shall define the term "designated symbol" with the following language on the inside of the front cover of the catalog or on the same page as any order form for the Product(s):

WARNING: Certain products identified with this symbol ▼ and offered for sale in this catalog contain chemicals, including DEHP, known to the State of California to cause birth defects and other reproductive harm.

The designated symbol must appear on the same page and in close proximity to the display and/or description of the Product. On each page where the designated symbol appears, General Parts must provide a header or footer directing the consumer to the warning language

and definition of the designated symbol.

(ii) **Internet Website Warning.** A warning shall be given in conjunction with the sale of the Products via the internet, which warning shall appear either: (a) on the same web page on which a Product is displayed; (b) on the same web page as the order form for a Product; (c) on the same page as the price for any Product; or (d) on one or more web pages displayed to a purchaser during the checkout process. The following warning statement shall be used and shall appear in any of the above instances adjacent to or immediately following the display, description, or price of the Product for which it is given in the same type size or larger than the Product description text:

WARNING: This product contains chemicals, including DEHP, known to the State of California to cause birth defects and other reproductive harm.

Alternatively, the designated symbol may appear adjacent to or immediately following the display, description, or price of the Product for which a warning is being given, provided that the following warning statement also appears elsewhere on the same web page, as follows:

WARNING: Products identified on this page with the following symbol ▼ contain chemicals, including DEHP, known to the State of California to cause birth defects and other reproductive harm.

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

In settlement of all claims referred to in this Settlement Agreement, General Parts shall pay a total of \$7,500 in civil penalties in accordance with this Section. Each penalty payment will be allocated in accordance with California Health & Safety Code §§ 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to Moore, as follows:

3.1 Initial Civil Penalty Pursuant to Health & Safety Code § 25249.7(b)

General Parts shall pay an initial civil penalty in the amount of \$2,500 on or before October 3, 2013. General Parts shall issue two separate checks to: (a) "OEHHA" in the amount of \$1,875; and (b) "The Chanler Group in Trust for John Moore" in the amount of \$625. All penalty payments shall be delivered to the addresses listed in Section 3.3. below.

3.2 Final Civil Penalty

General Parts shall pay a final civil penalty of \$5,000 on or before December 3, 2013. The final civil penalty shall be waived in its entirety, however, if, no later than November 1, 2013, an officer of General Parts provides Moore with written certification that, as of the date of such certification and continuing into the future, General Parts has met the reformulation standard specified in Section 2.1 above, such that all Products, imported, distributed, sold and offered for sale in California by General Parts are Reformulated Products. The certification in lieu of a final civil penalty payment provided by this Section is a material term, and time is of the essence. General Parts shall issue two separate checks for its final civil penalty payments to: (a) "OEHHA" in the amount of \$3,750; and (b) "The Chanler Group in Trust for John Moore" in the amount of \$1,250.

3.3 Payment Procedures

3.3.1 Issuance of Payments. Payments shall be delivered as follows:

- (a) All payments owed to Moore, pursuant to Sections 3.1 and 3.2, shall be delivered to the following payment address:

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

(b) All payments owed to OEHHA (EIN: 68-0284486), pursuant to Sections 3.1 through 3.2, shall be delivered directly to OEHHA (Memo line "Prop 65 Penalties") at the following address:

For United States Postal Service Delivery:

Mike Gyrics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
P.O. Box 4010
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:

Mike Gyrics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
1001 I Street
Sacramento, CA 95814

With copy of the checks payable to OEHHA mailed to The Chanler Group at the address set forth above in 3.3.1(a), as proof of payment to OEHHA.

3.3.2 Issuance of 1099 Forms. After each penalty payment, General Parts shall issue separate 1099 forms for each payment to Moore, whose address and tax identification number shall be furnished upon request after this Settlement Agreement has been fully executed by the Parties, and OEHHA at the addresses listed in Section 3.3.1 above.

3.4 Reimbursement of Fees and Costs

The Parties reached an accord on the compensation due to Moore and his counsel under general contract principles and the private attorney general doctrine codified at Code of Civil Procedure § 1021.5 for all work performed in this matter. Under these legal principles, General

Parts shall pay \$23,000 for all fees and costs incurred investigating, bringing this matter to the attention of General Parts, and negotiating a settlement in the public interest. General Parts shall provide its payment in the form of a check payable to "The Chanler Group," issue a separate 1099 for fees and costs (EIN: 94-3171522), and deliver payment on or before October 3, 2013 at the Payment Address provided in Section 3.3.1(a).

4. RELEASES

4.1 Moore's Release of General Parts

This Settlement Agreement is a full, final and binding resolution between Moore and General Parts, of any violation of Proposition 65 that was or could have been asserted by Moore on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, against General Parts, its parents, subsidiaries, successors and predecessors in interest, affiliated and predecessor and successor entities under common ownership, directors, officers, employees, attorneys, its licensor, CARQUEST Corporation, and each entity to whom General Parts directly or indirectly distributes or sells Products, including, but not limited, to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Releasees"), based on their failure to warn about alleged exposures to DEHP contained in the Products that were manufactured, distributed, sold, and/or offered for sale by General Parts in California before the Effective Date.

Moore, on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, 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, 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 (collectively "Claims") against Releasees, and further provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all Claims, liabilities and demands of any nature, character or kind, known or unknown, suspected or unsuspected, as such Claims relate to exposures to DEHP in Products sold by the Releasees in California. Moore further acknowledges that he is familiar with Civil Code § 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH
THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS
FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF
KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS
SETTLEMENT WITH THE DEBTOR.

Moore, on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees expressly waives and relinquishes any and all rights and benefits which he may have under, or which may be conferred on him by the provisions of Section 1542 of the California Civil Code, as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that he may lawfully waive such rights or benefits pertaining to exposures to DEHP in the Products sold by Releasees.

The Parties further understand and agree that, except as provided for above, 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 General Parts.

4.2 General Parts' Release of Moore

General Parts on behalf of itself and its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against Moore 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 Moore and his attorneys and other representatives, whether in the course of investigating claims related to alleged DEHP in the Products, otherwise seeking to enforce Proposition 65 against it in this matter related to alleged DEHP in the Products, or with respect to alleged DEHP in the Products.

General Parts further acknowledges it is familiar with Civil Code § 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

General Parts, on behalf of itself, and its past and current its owners, subsidiaries, affiliates, sister and related companies, employees, shareholders, directors, insurers, attorneys, successors, and assigns expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on him by the provisions of Section 1542 of the California Civil Code, as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that he may lawfully waive such rights or benefits pertaining to alleged exposures to DEHP in the Products.

5. POST-EXECUTION CONVERSION TO CONSENT JUDGMENT

Within twelve months of the execution of this Settlement Agreement, General Parts may send Moore a written request to draft and file a complaint, incorporating the terms of this Settlement Agreement into a proposed consent judgment, and to seek the court approval of the consent judgment pursuant to Health & Safety Code § 25249.7, or as may be otherwise allowed by law. If so requested, Moore agrees to reasonably cooperate with General Parts and to use his

best efforts, and that of his counsel, to support the entry of the terms of this Settlement Agreement as a consent judgment by a superior court in California in a timely manner.

Pursuant to Code of Civil Procedure §§ 1021 and 1021.5, General Parts will reimburse Moore and his counsel for their reasonable fees and costs incurred drafting and 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 \$16,000, exclusive of fees and costs incurred on appeal, if any. General Parts will remit payment to The Chanler Group, at the payment address provided in Section 3.3.1(a). Such additional fees shall be paid by General Parts within ten days after its receipt of monthly invoices from Moore's counsel for work performed under this Section 5.

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 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.

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 General Parts:
Golden State Supply LLC
Attn: General Counsel
2635 East Millbrook Road
Raleigh, NC 27604

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

With copy to:
Neil R. Bardack
Hanson Bridgett LLP
425 Market Street
26th Floor
San Francisco, CA 94105

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

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

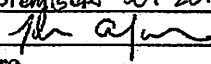
11. MODIFICATION

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: September 30, 2013
By: 
John Moore

AGREED TO:

Date: _____
By: _____
General Parts International, Inc.
Date: _____
By: _____
CPI Global Sourcing, Inc.
now known as CQ Sourcing, Inc.

AGREED TO:

Date: _____
By: _____
John Moore

AGREED TO:

Date: 10-8-13
By: [Signature] EVP
General Parts International, Inc.
Date: 10-8-13
By: [Signature] EVP
CPI Global Sourcing, Inc.
now known as CQ Sourcing, Inc.