

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Anthony E. Held, Ph.D., P.E. (“Held”) and Corsair Memory, Inc. and Corsair Components, Inc. (collectively, “Corsair”), with Held and Corsair each referred to individually as a “Party” and collectively as the “Parties.” Held is an individual residing in the State of California who seeks to promote awareness of exposures to toxic chemicals, and to improve human health by reducing or eliminating hazardous substances used in consumer products. Corsair 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 section 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

Held alleges that Corsair manufactures, sells, and/or distributes for sale in California, headsets with vinyl/PVC components that contain di(2-ethylhexyl)phthalate (“DEHP”). DEHP is listed pursuant to Proposition 65 as a chemical known to cause birth defects or other reproductive harm. Held alleges that Corsair failed to provide the health hazard warning required by Proposition 65 for exposures to DEHP from vinyl/PVC components of its headsets sold in California

1.3 Product Description

The products that are covered by this Settlement Agreement are the headsets with vinyl/PVC components containing DEHP manufactured by Elesound and sold or distributed for sale in California by Corsair, including, the *Corsair Raptor LH1 EVO Gaming Headset, #13128921(UPC No. 8 43591 03660 3)* and any other gaming headsets containing the same component materials from the same manufacturer as the Raptor LH1 EVO (collectively, “Products”).

1.4 Notice of Violation

On or about June 4, 2014, Held served Corsair and various public enforcement agencies with a 60-Day Notice of Violation (“Notice”), alleging that Corsair violated Proposition 65 by failing to warn its customers and consumers in California of the risks of exposure to DEHP from the Products. 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

Corsair denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products that it has sold and distributed 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 Corsair of any fact, finding, conclusion, issue of law, or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Corsair of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Corsair. However, this Section shall not diminish or otherwise affect Corsair’s obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean January 23, 2015.

2. INJUNCTIVE RELIEF: REFORMULATED PRODUCTS

Commencing on the Effective Date and continuing thereafter, Corsair shall only purchase for sale or manufacture for sale in California Products that are Reformulated Products. For purposes of this Settlement Agreement, “Reformulated Products” are Products, as defined by Section 1.3 of this Settlement Agreement, that contain no more than 1,000 ppm (0.1%) DEHP content when analyzed pursuant to EPA testing methodologies 3580A and 8270C, or equivalent methodologies used by state or federal

agencies for purposes of determining DEHP content in a solid substance.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty Payments

Pursuant to Health and Safety Code section 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, Corsair agrees to pay \$24,000.00 in civil penalties. Each penalty payment will be allocated in accordance with California Health and Safety Code section 25249.12(c)(1) & (d), with 75% of the penalty amount remitted to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty amount paid to Held.

3.1.1 Initial Civil Penalty. Within five days of the Effective Date, Corsair shall pay an initial civil penalty in the amount of \$8,000.00. Corsair will provide its payment in two checks for the following amounts made payable to: (a) “OEHHA” in the amount of \$6,000.00; and (b) “Anthony E. Held, Client Trust Account” in the amount of \$2,000.00.

3.1.2 Final Civil Penalty. On or before February 20, 2015, Corsair shall pay a final civil penalty of \$16,000.00. The final civil penalty shall be waived in its entirety if, by February 13, 2015, an officer of Corsair provides Held’s counsel with written certification that, as of the date of its certification, all Products it is shipping for sale or distributing for sale in California are Reformulated Products as defined by this Settlement Agreement and that it will continue to only offer Reformulated Products in the future. The option to provide a written certification in lieu of making the final civil penalty payment otherwise required by this Settlement Agreement is a material term, and time is of the essence.

3.2 Reimbursement of Held’s Attorneys’ 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 Code of Civil Procedure section 1021.5 for all work performed in this matter. Under

these legal principles, within five days of the Effective Date, Corsair agrees to pay \$21,250.00 in the form of a check made payable to “The Chanler Group” for all fees and costs incurred investigating, bringing this matter to the attention of Corsair’s management, and negotiating a settlement in the public interest.

3.3 Payment Procedures

3.3.1 Payment Addresses. Payments shall be delivered as follows:

(a) All payments to be tendered to Held and his counsel under this Settlement Agreement shall be delivered to:

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

(b) All payments to be tendered to OEHHA under this Settlement Agreement shall be delivered directly to OEHHA (Memo line “Prop 65 Penalties”) at one of the following addresses as appropriate:

For United States Postal Service Delivery:

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

For Courier or Other Non-U.S. Postal Service Delivery:

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

3.3.2 Proof of Payment to OEHHA. Corsair agrees to provide Held with a copy of each penalty check sent to OEHHA, enclosed with Corsair’s penalty payment(s) to Held, and delivered to the address provided in Section 3.3.1(a).

4. CLAIMS COVERED AND RELEASED

4.1 Held's Release of Corsair

This Settlement Agreement is a full, final, and binding resolution between Held and Corsair, of any violation or claimed violation of Proposition 65 that was or could have been asserted by Held, on his own behalf, or on behalf of his past and current agents, representatives, attorneys, successors, and assignees, against (a) Corsair and its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, and attorneys (collectively, "Releasees"), and/or (b) each entity to whom Corsair directly or indirectly distributes or sells Products, including, but not limited to, its downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, licensors, and licensees ("Downstream Releasees"), based on the alleged or actual exposure or failure to warn about exposures to DEHP from Products manufactured, sold, shipped, or distributed for sale in California by Releasees before the Effective Date.

In further consideration of the promises and agreements herein contained, Held, on his own behalf, and on behalf of his past and current agents, representatives, attorneys, successors, and assignees, hereby waives any right to institute or participate in, directly or indirectly, any form of legal action and releases all claims that they may have, whether known or unknown, including all actions and causes of action in law and in equity, all suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses (including, but not exclusively, investigation fees, expert fees, and attorneys' fees) arising under Proposition 65 or any statutory or common law claim with regard to Products manufactured, sold and/or distributed for sale by Corsair before the Effective Date. The releases provided by this Section 4.1 are solely on Held's behalf, and not on behalf of the public in California.

4.2 Corsair's Release of Held

Corsair, 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 by Held and his attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Products.

4.3 Mutual California Civil Code Section 1542 Waiver

The Parties each acknowledge that he/it is familiar with Section 1542 of Civil Code, which provides as follows:

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

The Parties, each on his/its own behalf, and on behalf of his/its past and current agents, representatives, attorneys, successors, and/or assignees, expressly waives and relinquishes any and all rights and benefits which he/it/they may have under, or which may be conferred on him/them by the provisions of Civil Code § 1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that he/it/they may lawfully waive such rights or benefits pertaining to the released matters.

5. SEVERABILITY

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

6. 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 Corsair may 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.

7. NOTICE

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

For Corsair:

Andrew Paul, President
Corsair Components, Inc.
46221 Landing Parkway
Fremont, CA 94538

with copy to:

Jeffrey J. Parker, Esq.
Sheppard, Mullin, Richter & Hampton, LLP
333 South Hope Street, Forty-Third Floor
Los Angeles, CA 90071

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 a change of address to which all notices and other communications shall be sent.

8. 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.

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

Held and his attorneys agree to comply with the reporting form requirements

referenced in California Health and Safety Code section 25249.7(f).

10. MODIFICATION

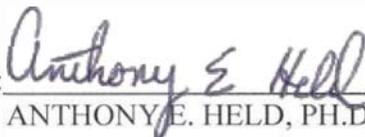
This Settlement Agreement may be modified only by written agreement of the Parties.

11. 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: January 20, 2015

By: 
ANTHONY E. HELD, PH.D, P.E.

AGREED TO:

Date: January 16th 2015

By: 
Andrew Paul, President
CORSAIR COMPONENTS, INC. & CORSAIR
MEMORY INC.