

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Dr. Whitney R. Leeman and Kingsbridge International

This Settlement Agreement is entered into by and between Dr. Whitney R. Leeman (“Leeman”) and Kingsbridge International (“Kingsbridge”), with Leeman and Kingsbridge collectively referred to as the “Parties.” Leeman is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Kingsbridge 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 §§ 25249.5 *et seq.* (“Proposition 65”).

1.1 General Allegations

Leeman alleges that Kingsbridge has manufactured, imported, sold and/or distributed for sale in California, vinyl/PVC tape containing di(2-ethylhexyl)phthalate (“DEHP”). DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects and other reproductive harm.

1.2 Product Description

The products that are covered by this Settlement Agreement are defined as vinyl/PVC tape containing DEHP including, but not limited to, *KBI Designs PVC Tape 2 Rolls, Stock No. 44004-WL, UPC #0 13308 44004 1* that are manufactured, imported, sold and/or distributed for sale in California by Kingsbridge (hereinafter the “Products”). Kingsbridge has in the past manufactured, imported, sold and/or distributed for sale in California a variety of additional products which may have contained lead and/or DEHP or other phthalates listed under Proposition 65 (“Additional Products”).

1.3 Notice of Violation

On July 30, 2014, Leeman served Kingsbridge, CVS Pharmacy, Inc. and certain requisite public enforcement agencies with a “60-Day Notice of Violation” (“Notice”) that provided the recipients with notice of alleged violations of Proposition 65 based on Kingsbridge’s alleged failure to warn its customers, consumers, workers and other individuals that the Products exposed users in California to DEHP. To the best of the Parties’ knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the Notice.

1.4 No Admission

Kingsbridge denies the material factual and legal allegations contained in Leeman’s Notice and maintains that all products that it has manufactured, imported, distributed, 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 Kingsbridge 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 Kingsbridge of any fact, finding, conclusion, issue of law, or violation of law. However, this section shall not diminish or otherwise affect Kingsbridge’s obligations, responsibilities, and duties under this Settlement Agreement.

1.5 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean November 30, 2014.

2. INJUNCTIVE RELIEF: REFORMULATION

2.1 Reformulation Standards

Reformulated Products are defined as Products containing DEHP in concentrations less than 0.1 percent (1,000 parts per million) when analyzed pursuant to U.S. Environmental Protection Agency (“EPA”) testing methodologies 3580A and 8270C or any other methodology utilized by federal or state agencies for the purpose of determining the DEHP content in a solid substance.

2.2 Reformulation Commitment

As of the Effective Date, all Products manufactured, imported, distributed, sold, and/or offered for sale in the State of California by Kingsbridge shall be Products that qualify as Reformulated Products as defined in Section 2.1 above.

2.3 Representations and Warranties

Based on its receipt of Leeman's Notice, Kingsbridge represents and warrants that it has implemented a broad reformulation program to limit DEHP, butyl benzyl phthalate ("BBP"), di-n-butyl phthalate ("DBP"), di-isodecyl phthalate ("DIDP"), diisononyl phthalate ("DINP") and di-n-hexyl phthalate ("DnHP") to concentrations of less than 0.1 percent (1,000 parts per million) each when analyzed pursuant to U.S. Environmental Protection Agency ("EPA") testing methodologies 3580A and 8270C or any other methodology utilized by federal or state agencies for the purpose of determining the phthalate content in a solid substance. Kingsbridge further represents and warrants that it has implemented a broad reformulation program to limit lead in the Products and Additional Products to concentrations of less than 0.01 percent (100 parts per million) when analyzed pursuant to EPA testing methodologies 3050(B) and 6010(B) or any other methodology utilized by federal or state agencies for the purpose of determining the lead content in a solid substance.¹

3. MONETARY PAYMENTS

3.1 Civil Penalties Pursuant To Health & Safety Code § 25249.7(B)

In settlement of all the claims referred to in this Settlement Agreement, Kingsbridge has been assessed a total of \$8,000 in civil penalties in light of the representations and warranties Kingsbridge has provided in Section 2.3 above. In accordance with California Health & Safety Code § 25249.12(c)(1) and (d), on or before the November 30, 2014, Kingsbridge shall provide its payment in two checks to: (a) "OEHHA" in the amount of \$6,000; and (b) "Dr. Whitney R.

¹ Lead, DEHP, BBP, DBP, DIDP, DINP, and DnHP are collectively referred to herein as the "Listed Chemicals."

Leeman, Client Trust Account” in the amount of \$2,000. All penalty payments shall be delivered to the addresses listed in Section 3.3 below.

3.2 Reimbursement of Fees and Costs

The parties acknowledge that Leeman and her counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee reimbursement issue to be resolved after the material terms of the agreement had been settled. Shortly after the other settlement terms had been finalized, Kingsbridge expressed a desire to resolve the fee and cost issue. The parties then attempted to (and did) reach an accord on the compensation due to Leeman and her counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure section 1021.5 for all work performed through the mutual execution of this agreement. Kingsbridge shall pay \$28,500 for fees and costs incurred as a result of investigating, bringing this matter to Kingsbridge’s attention, and negotiating a settlement in the public interest. Leeman’s counsel has agreed to reduce the amount due under this paragraph based, in part, on Kingsbridge’s representations and warranties in Section 2.3 above. Kingsbridge shall make the check payable to “The Chanler Group” and shall deliver payment on or before November 30, 2014, to the address listed in Section 3.3.1(a) below.

3.3 Payment Procedures

3.3.1 Issuance of Payments

(a) The payment owed to Leeman and her counsel, 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) The payment owed to OEHHA, pursuant to Section 3.1, 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 Non-United States 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. A copy of the check payable to OEHHA shall be mailed, simultaneous with payment, to The Chanler Group at the address set forth in Section 3.3.1(a) above, as proof of payment to OEHHA.

4. CLAIMS COVERED AND RELEASED

4.1 Leeman's Release of Kingsbridge

This Settlement Agreement is a full, final and binding resolution between Leeman and Kingsbridge of any violation of Proposition 65 that was or could have been asserted by Leeman on behalf of herself, her past and current agents, representatives, attorneys, successors and/or assignees, against Kingsbridge, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys and each entity to whom Kingsbridge 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, imported, distributed, sold and/or offered for sale by Kingsbridge in California before the Effective Date. This release is provided in Leeman's individual capacity and is not a release on behalf of the public.

In further consideration of and reliance on the representations and warranties provided by Kingsbridge in Section 2.3 above, Leeman on behalf of herself, her past and current agents, representatives, attorneys, successors and/or assignees, hereby waives all of her rights to institute

or participate in, directly or indirectly, any form of legal action and releases all claims that she may have 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 -- limited to and arising under Proposition 65 with respect to Listed Chemicals in the Products and Additional Products manufactured or imported by Kingsbridge before the Effective Date. This release is also provided in Leeman's individual capacity and is not a release on behalf of the public.

4.2 Kingsbridge's Release of Leeman

Kingsbridge, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against Leeman and her attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Leeman and her 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.

5. SEVERABILITY

If 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.

6. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the laws of the State of California. In the event that Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by reason of law generally, or if any of the provisions of this Settlement Agreement are rendered inapplicable or are no longer required as a result of any such repeal or preemption, or rendered inapplicable by reason of law generally as to the Products, then Kingsbridge shall provide written notice to Leeman 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

Kingsbridge from any obligation to comply with any pertinent state or federal law, including all toxic control laws.

7. 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) overnight courier to any party by the other party at the following addresses:

To Defendant Kingsbridge International:

Paul Foster, President
Kingsbridge International
9425 Canoga Avenue
Chatsworth, CA 91311
with a copy to:
Robert Falk
Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105

To Plaintiff Dr. Whitney R. Leeman:

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.

8. COUNTERPARTS; FACSIMILE AND SIGNATURES

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

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

Leeman and her attorneys agree to comply with the reporting form requirements referenced in California Health & Safety Code section 25249.7(f).

10. MODIFICATION

This Settlement Agreement may be modified only by a 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:

AGREED TO:

Date: November 13, 2014

Date: _____

By: 
Whitney R. Leeman

By: _____
Paul Foster, President
Kingsbridge International

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:

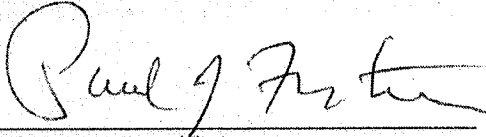
AGREED TO:



Date: _____

Date: 11-13-2014

By: _____
Whitney R. Leeman

By: 
Paul Foster, President
Kingsbridge International